

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2015, QUARTER DECEMBER 31, 2014**

	NOTES	JULY THROUGH SEPTEMBER	OCTOBER THROUGH DECEMBER	YEAR-TO-DATE
REVENUES				
Civil penalty	1	\$ 2,694,776	\$ 2,689,766	\$ 5,384,542
Interest income		3,438	8,301	11,739
TOTAL REVENUES		<u>2,698,214</u>	<u>2,698,067</u>	<u>5,396,281</u>
EXPENDITURES				
Goods and Services				
Adjudication system vendor contract	2	217,586	202,342	419,928
Other	3	302,855	268,505	571,360
Total Goods and Services		<u>520,441</u>	<u>470,847</u>	<u>991,288</u>
Salaries and benefits		<u>42,050</u>	<u>40,345</u>	<u>82,395</u>
TOTAL EXPENDITURES		<u>562,491</u>	<u>511,192</u>	<u>1,073,683</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>2,135,723</u>	<u>2,186,875</u>	<u>4,322,598</u>
NET CHANGE IN FUND BALANCE		2,135,723	2,186,875	4,322,598
FUND BALANCE - BEGINNING		<u>11,709,526</u>	<u>13,845,249</u>	<u>11,709,526</u>
FUND BALANCE - ENDING		<u>\$ 13,845,249</u>	<u>\$ 16,032,124</u>	<u>\$ 16,032,124</u>

The notes to the financial statements are an integral part of this statement.

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Tolling Subsidiary Accounting System – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The results of the independent audits provide concern to WSDOT, and the toll division is working with our service organization to remediate the deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

ETCC Critical Accounting Reports and Backlogged Reconciliations - During fiscal year 2014 and shortly thereafter, ETCC successfully remediated most of the critical accounting report defects and resubmitted all reconciliations since the inception of electronic tolling in December 2011 through the most recent fiscal year. WSDOT is reviewing the reconciliation support and is working collaboratively with ETCC to bring the reconciliations current, ensure all defects are remediated, and achieve system acceptance.

Operating Transfer - Pursuant to RCW 47.56.876, the Legislature may transfer excess fund balance from the 520 Civil Penalties Account to the 520 Bridge Account for capital expenditures on the SR 520 Corridor. In order to transfer the funds the State Treasurer's Office must be provided administrative transfer authority. For the 2013-15 biennium, the Legislature provided authority in Chapter 222, laws of 2014 (ESSB 6001, Section 407(9)) to transfer \$886,000.

Detailed Notes

- 1. Civil Penalty Revenue** – Revenue earned when any of the following conditions exist: (a) Payment of Notice of Civil Penalty is received, or (b) Notice of Civil Penalty payment due date passes without receiving a request for an administrative hearing, or (c) an Administrative Law Judge upholds the Notice of Civil Penalty.
- 2. The Adjudication System Vendor Contract** – 520 Bridge share of the adjudication system vendor contract with ETCC for the adjudication system module.
- 3. Other Goods and Services** – Expenditures for the 520 bridge's share of adjudication costs including supplies, communications, credit card fees, Office of Administrative Hearings costs, and salaries and benefits of WSDOT staff.